

# Lock, Fee and SRP Guide

*Start Up, MCC (with First Mortgage) and Step Up Programs*



LOCKING A LOAN				
Rate Sheet	<a href="http://www.mnhousing.gov">www.mnhousing.gov</a>			
Locking a Loan	Lock loans using Minnesota Housing’s <a href="#">online commitment system</a> . Refer to the <a href="#">Loan Commitment System Process Guide</a> for instructions.			
Lock Availability	Business days between 10:00 a.m. and 8:00 a.m. the following business day			
Lock-Out Period	<ul style="list-style-type: none"><li>Between 8:00 a.m. and 10:00 a.m. on business days</li><li>From 5:00 p.m. Friday until 10:00 a.m. the following business day</li><li>From 5:00 p.m. on the weekday prior to an Agency holiday until 10:00 a.m. the following business day</li></ul>			
Rate Lock Period	If your loan is for this program....		Your rate is locked for....	
	Start Up		60 days	From the lock date until the day of receipt by the servicer.
	MCC (with First Mortgage)		45 days	
	Step Up		45 days	
	<ul style="list-style-type: none"><li>Lock period is counted in consecutive calendar days, including weekends and holidays. If your lock expires on a weekend or holiday, your lock is extended to the next business day.</li><li>Locks expire at 4:00 p.m. (CST) on the day of expiration</li><li>The lock period applies to both existing properties and new construction</li></ul>			
Lock Changes	<ul style="list-style-type: none"><li>Rates are based on the original lock date</li><li>You may not change the borrower or property on the lock</li><li>For allocation or program changes, complete the “Allocation Change Request Form” via Forms Generator in our online commitment system. For other updates or changes, contact the <a href="#">Partner Solutions Team</a>.</li></ul>			
Lock Extensions	Program	30-Day Extension	15-Day Extension	Pass fees on to borrower?
	Start Up/MMC	50 bps	25 bps	No
	Step Up	50 bps	25 bps	Yes
	<ul style="list-style-type: none"><li>Complete and submit the “Loan Commitment Extension Form” located in our online commitment system via Forms Generator on or after day 30 of a rate lock (up through the day of expiration). See <a href="#">Extension Instructions</a>.</li><li>The Loan Commitment Extension Form offers one option, a 30-day extension. However, if your loan is received by the servicer within 15 days of the extension period, the cost is reduced by half.</li><li>Extension fee waived for a Start Up short-sale or bank-owned property</li><li>Maximum of 30 days’ worth of extensions is allowable</li><li>Loans delivered past the extension expiration date will incur a 25 basis point fee every 15 days until the servicer receives the loan package</li><li>The servicer will deduct the fee from the final purchase price of the loan at the time of purchase</li></ul>			
Lock Transfer to New Lender	<ul style="list-style-type: none"><li>Contact the <a href="#">Partner Solutions Team</a> to transfer a lock.<ul style="list-style-type: none"><li>Originating lender must provide a written request and explanation for the transfer; and</li><li>New lender must provide written acceptance of the lock terms; and</li><li>Minnesota Housing must approve the transfer.</li></ul></li></ul>			
Lock Cancellations	<ul style="list-style-type: none"><li>Lock cancellations can be done by the lender in the <a href="#">online commitment system</a></li><li>Minnesota Housing must approve any re-locks for the same borrower and property within 60 days of cancelation</li><li>Re-locks are subject to the <b>higher</b> of the original rate and price, or the rate and price at the time of re-lock</li></ul>			



## SERVICER FEES

U.S. Bank Home Mortgage - HFA Division, Minnesota Housing's Mortgage Loan Program servicer, applies the following fees to Start Up, MCC (with First Mortgage) and Step Up loans. Lenders should refer to the underlying product guidelines regarding passing fees onto the borrower and follow industry-standard disclosure requirements:

<b>First Mortgage Loans</b>	\$85 Tax Service Fee
<b>Monthly Payment Loans</b>	\$175 Servicing Fee (one-time fee paid at closing)

## ALLOWABLE FEES PAID TO LENDER

<b>MCC-Specific Fees</b>	Lenders may collect from the borrower an MCC application fee not to exceed \$150.
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## SERVICE RELEASE PREMIUM (SRP)

Customary and reasonable discretionary fees are allowable. The SRP is payable upon sale of the loan to the servicer.

PRICING OPTIONS	SRP	DETAILS
<b>1% Origination Fee</b>	1.5%	<ul style="list-style-type: none"><li>• Lender may charge an origination fee in accordance with mortgage regulations</li><li>• Lender receives a 1.5% SRP (net any hold fees or extension fees) from the servicer</li><li>• Available with all programs, products and options</li></ul>
<b>0% Origination Fee</b>	2.5%	<ul style="list-style-type: none"><li>• Lender charges no origination fee</li><li>• Lender receives a 2.5% SRP (net any hold fees or extension fees) from the servicer</li><li>• Available with Start Up and Step Up 30-year mortgages (Government, HFA Preferred™, HFA Advantage<sup>SM</sup>)</li><li>• Not available with 15-year loans or MCC, Preferred Risk Sharing™ or Upfront Paid MI loans</li></ul>
<b>Step Up Lender Credit (Refinance)</b> <a href="#">See Examples</a>	3.5%	<ul style="list-style-type: none"><li>• Lender receives a 3.5% SRP (net any hold fees or extension fees) from the servicer</li><li>• Lender has 3.5 points total to allocate to borrower closing costs and lender compensation</li><li>• Total lender compensation not to exceed 2.5% (including origination, if any)</li></ul>
<b>Upfront Paid Mortgage Insurance (UPMI)</b> <a href="#">See Examples</a>	3.5%	<ul style="list-style-type: none"><li>• Lender receives a 3.5% SRP (net any hold fees or extension fees) from the servicer</li><li>• Lender retains no more than 1.5% SRP as lender compensation</li><li>• At least 2.0% SRP applied at closing as a credit to the borrower for the upfront mortgage insurance premium and closing costs</li><li>• The amount of lender-retained SRP could vary based on borrower LTV</li><li>• Any additional MI cost charged to the borrower should not be labeled as a "Minnesota Housing" or "mortgage revenue bond" fee and should be disclosed with industry-standard forms</li><li>• Available with conventional insured loans</li></ul>

## HOLD FEES

The servicer will notify the lender of deficiencies, if any. The lender must clear deficiencies as quickly as possible. The servicer will apply fees until the loan is cured. Fees are calculated based on the number of calendar days from notification of the deficiency to cure. The servicer will deduct hold fees from the purchase price of the loan.

<b>Initial File Review</b>	Grace period
<b>Days 1-10</b>	Grace period (no fee for 10 calendar days after deficiencies are posted)
<b>Days 11-24</b>	0.125% of the loan amount (an additional 0.125% will accrue for every 14 calendar day period until file is purchased)

## LOAN PURCHASE

The servicer's \$400 Funding Fee is incorporated into the interest rate. Do not charge this fee to the borrower. The servicer will purchase and disburse funds for the following loans that have closed and been "Fund Approved" through Minnesota Housing's commitment system, and have met servicer purchase criteria:

- **First mortgage loans** - net any extension or hold fees, and
- **Second mortgage loans** - if applicable

**QUESTIONS:** Contact the Partner Solutions Team at [mnhousing.solution@state.mn.us](mailto:mnhousing.solution@state.mn.us) or 651.296.8215/800.710.8871 between 7:30 a.m. and 5:00 p.m. on business days. The Partner Solutions Team will respond within two hours during the business day.

